(c) Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir.

(b) and (c) Do not arise.

Loans to SCs/STs/OBCs by Banks

3470. SHRI T.R. ZELIANG: Will the Minister of FINANCE be pleased to state:

(a) the details of steps taken by Government to simplify its policy for providing loans to SCs, STs, OBCs, small and marginal farmers, labourers and poor educated/uneducated unemployed youths through the Banks in the country;

(b) if so, the details thereof, and

(c) the number of applications received and sanctioned for granting loan by nationalised banks under various self-employment schemes during the last three years, State-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) As reported by the Reserve Bank of India (RBI) the steps taken to simplify its policy for providing loans to SC/STs, OBCs, small and marginal farmers and unemployed graduates inter-ailia include:

1. **Relaxation for SC/ST beneficiaries under major Centrally Sponsored Schemes**

(i) Under SGSY Scheme, beneficiaries belonging to SC/ST are entitled to subsidy of 50% of the project cost with a maximum ceiling of Rs. 10,000/-.

(ii) 10 year relaxation in the upper age limit under PMRY Scheme.

(iii) Under the DRI scheme the eligibility criteria for size of land holding not exceeding one acre of irrigated land and 2.5 acres of unirrigated land is not applicable to SCs/STs.

2. **Guidelines for simplifying policy for loans to SCs/STs**

(i) Bank staff to assist in completion of procedural formalities.

(ii) Bank staff to contact SC/ST borrowers to explain the salient features of the schemes for availing credit facilities.

(iii) Banks to maintain Application Register/Credit Register/Complaint Register etc.

(iv) Banks not to insist on deposits while considering loan applications under Govt. sponsored poverty alleviation schemes/self employment programmes from borrowers belonging to SCs/STs.

(v) Banks to advise their branches/controlling offices to render all the necessary institutional support to the National SC/ST Finance & Development Coroporation.

3. Steps taken for sanction of hassle free loans under the Centrally Sponsored Schemes to OBC, Small & Marginal Farmers/Labourers.

* RBI has advised commercial banks that loan application under SGSY be disposed off within the prescribed time limit of 15 days and not later than one month.

* Ensure that documentation process is simple to avoid hardship to the beneficiaries.

* In case of rejection of application, the reasons to be invariably record.

* Under SGSY, for individual loans upto Rs. 50,000/- and group loans upto Rs. 5 lakh, the assets created out of bank loan would by hypothecated to the bank as primary security.

* Branch Managers to be vested with adequate discretionary powers to sanction proposals under the SGSY scheme.

4. Loans to Small and Marginal Farmers

* As per the R. V. Gupta Committee recommendations in 1998, the following steps were initiated: Procedural modifications for agricultural advances, including simplification of procedures/application forms, agreements etc., introduction of composite cash credit limits to agriculturists, cash disbursement of loans, dispensing with the 'No dues Certificate', discretion to banks on matters relating to margin/ security requirements for agricultural loans above Rs. 10,000/- etc.

* Further, on the basis of recommendations made by the Vyas Committee, the banks have been advised to waive margin/security requirements for agricultural loans upto Rs. 50,000/- and for agri-business & agri-clinics upto Rs. 5 lakh.

Other relaxation extended to agricultural borrowers include:

* Payment of interest to be insisted upon only at the time of repayment of laon installments fixed.
* Banks not to compound interest on current dues in respect of long duration crop loans and installments not falling due in respect of term loans.
* Total interest debited to the accounts of small and marginal farmers not to exceed the principal amount in respect of short-term advances.
* Government's Policy announcement on 18th June, 2004 includes a One Time Settlement (OTS) Scheme for small and marginal farmers, under which banks are required to formulate guidelines, with the approval of their Board of Directors, on one time settlement for small and marginal farmers, who have been declared as defaulters and have become ineligible for fresh credit. Detailed guidelines have been issued by Indian Banks' Association (IBA) to commercial banks and by NABARD to RRBs and Cooperative Banks.

(c) The information is being collected and will be laid on the Table of the House.

Premium fixed Income to Pensioners

3471. SHRI ANAND SHARMA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that despite privatisation of Insurance Sector, there is no premium fixed income product available from the insurance sector;

(b) whether it is a fact that this has adversely affected the LIC products which offered one-time premium fixed income to the pensioners; and

(c) whether his Ministry would advise Insurance Sector to devise a product with one-time premium and minimum assured income to address the concerns of the pensioners?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) LIC have informed that they have two types of regular income products. Immediate Annuity Products provides for fixed income immediately on payment of premium. On the other hand the Defered Annuity Products give regular income after the deferment period. Income under deferred products are not guaranteed at the time of purchase of such annuity products. However, a fixed amount of annuity is guaranteed once the payment starts after the deferment period.